

Message Text

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TO SECSTATE WASHDC 9826
INFO AMEMBASSY COLOMBO
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AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

UNCLAS SECTION 1 OF 4 NEW DELHI 3191

E.O. 11652: N/A
TAGS: ECON IN
SUBJECT: ECONOMIC SURVEY 1977-78

1. SUMMARY. THE FINANCE MINISTRY'S PRE-BUDGET ECONOMIC SURVEY FOR 1977-78, RECENTLY PRESENTED TO THE PARLIAMENT, PROVIDES A COGENT ANALYSIS OF RECENT ECONOMIC DEVELOPMENTS IN INDIA. IT PROJECTS THE FOLLOWING PERCENTAGE INCREASES IN THE ECONOMY FOR THIS FISCAL YEAR: GNP, FIVE; AGRICULTURE, SEVEN; AND INDUSTRY, 5 TO 6. WE GENERALLY AGREE WITH THESE FIGURES, BUT WE BELIEVE ITS ESTIMATE OF THIS YEAR'S FOODGRAIN PRODUCTION (121 MILLION MT) MAY BE SLIGHTLY ON THE HIGH SIDE. PRICES GENERALLY HAVE BEEN STABLE, ALTHOUGH CERTAIN ESSENTIAL FOOD AND TEXTILE ITEMS HAVE EXPERIENCED SHARP PRICE INCREASES. THE BUDGETARY POSITIONS OF THE CENTER AND THE STATES HAVE DETERIORATED THIS YEAR, WHILE THE COUNTRY'S EXTERNAL FINANCIAL POSITION HAS REMAINED

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STRONG. THE SURVEY HAS MADE A NUMBER OF ECONOMIC POLICY RECOMMENDATIONS, INCLUDING INCREASED EMPHASIS ON IRRIGATION AND PUBLIC SECTOR INVESTMENT, A MORE EFFECTIVE TAX SYSTEM AND THE CONTINUATION OF A RELATIVELY STRICT CREDIT POLICY. WE AGREE WITH MOST OF THIS ANALYSIS. HOWEVER, THE SURVEY SAYS RELATIVELY LITTLE ABOUT SPECIFIC MEASURES TO INCREASE EMPLOYMENT AND PURCHASING POWER, PARTICULARLY IN RURAL AREAS. IT EMPHASIZES THAT THE ECONOMY

IS NOW VERY FAVORABLY PLACED FOR MORE RAPID DEVELOPMENT, BUT THE QUESTION OF WHETHER THE JANATA GOVERNMENT WILL TAKE ADVANTAGE OF THIS OPPORTUNITY MUST AWAIT THE UPCOMING 1978-79 BUDGET AND ANNUAL PLAN. END SUMMARY.

2. OVERALL ECONOMIC SITUATION. ACCORDING TO THE SURVEY, QUOTE THE MOST NOTABLE FEATURE OF THE ECONOMIC SITUATION IN 1977-78 WAS THE ABSENCE OF ANY SERIOUS CONSTRAINT ON ECONOMIC GROWTH UNQUOTE. (WE BELIEVE THIS OVERLOOKS THE IMPORTANT POINT THAT INSUFFICIENT DEMAND HAS HELD BACK THE INDUSTRIAL SECTOR.) THE RECENT PERFORMANCE OF THE ECONOMY WAS JUDGED TO HAVE BEEN SATISFACTORY IN MANY RESPECTS. THE GROWTH IN INDIAN FISCAL YEAR 1977-78 GNP IS ESTIMATED AT FIVE PERCENT (COMPARED TO ONLY 1.6 PERCENT LAST FISCAL YEAR), PRIMARILY BECAUSE OF A RISE IN AGRICULTURAL PRODUCTION DUE IN LARGE MEASURE TO VERY FAVORABLE WEATHER CONDITIONS. (AS SEVERAL EDITORIALS HAVE COMMENTED, THE FORTUITOUS FACTOR OF A GOOD MONSOON, RATHER THAN GOI ECONOMIC POLICIES, WAS PRIMARILY RESPONSIBLE FOR THE ABOVE AVERAGE GROWTH.) THE SURVEY CONSIDERS THAT DOMESTIC SAVING HAS REMAINED HIGHER THAN DOMESTIC CAPITAL FORMATION THIS FISCAL YEAR AND THAT THE RATIOS IN 1976-77 (AROUND 16 AND 14 PERCENT, RESPECTIVELY, OF GNP) HAVE NOT CHANGED MUCH.

3. AGRICULTURE. FOR THE 1977-78 CROP YEAR THE SURVEY ESTIMATES AN INCREASE OF SEVEN PERCENT IN AGRICULTURAL PRODUCTION. TOTAL FOODGRAIN PRODUCTION IS PROJECTED AT 121 MILLION MT - KHARIF (FALL) CROP OF 71-
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MILLION MT AND A RABI (WINTER) CROP OF AROUND 49 MILLION MT. (ON THE OTHER HAND, PRESIDENT REDDY'S RECENT SPEECH TO THE PARLIAMENT ESTIMATED 1977-78 FOODGRAIN OUTPUT AT 118 MILLION MT.) ACCORDING TO THE SURVEY, COMMERCIAL CROPS THIS YEAR HAVE GENERALLY DONE SUBSTANTIALLY BETTER, PARTICULARLY OILSEEDS, PEANUTS, COTTON AND SUGARCANE. FOODGRAIN STOCKS AMOUNTED TO 16 MILLION MT AT THE END OF FEBRUARY 1978.

4. THE SURVEY EMPHASIZES THE CONTINUING PROBLEM OF SHARP FLUCTUATIONS IN AGRICULTURAL PRODUCTION (NOTABLY RICE) BECAUSE OF VARYING RAINFALL.

IT POINTS OUT THE DECLINING OUTPUT OF GRAM (CHICKPEA), THE MOST IMPORTANT PULSE IN INDIA, BECAUSE OF THE INCREASE IN AREA UNDER HIGH YIELDING VARIETIES OF WHEAT WHICH HAS BROUGHT A MORE FAVORABLE NET RETURN TO FARMERS. IT STATES THAT QUOTE THE KEY TO A HIGHER AND MORE STABLE LEVEL OF PRODUCTION IS INCREASED IRRIGATION UNQUOTE. IN 1977-78

AN ADDITIONAL 2.2 MILLION HECTARES WILL BE BROUGHT UNDER IRRIGATION, FOR AN ESTIMATED TOTAL OF 50 MILLION HECTARES UNDER GROSS IRRIGATION, OR ALMOST 30 PERCENT OF TOTAL CROPPED AREA. THE GOI HOPES TO INCREASE IRRIGATED LAND BY 17 MILLION HECTARES BY 1983. THE SURVEY NOTES THAT

INSUFFICIENT FUNDS HAVE GONE TO MINOR IRRIGATION (PRIMARILY TUBEWELLS)

AND THAT POORER FARMERS MUST HAVE BETTER ACCESS TO GROUNDWATER RESOURCES. WATER MANAGEMENT MUST ALSO BE IMPROVED CONSIDERABLY.

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OTHER RECOMMENDED STEPS TO INCREASE AGRICULTURAL PRODUCTION AND PRODUCTIVITY INCLUDE GREATER ATTENTION TO INPUTS FOR NON-IRRIGATED FARMLANDS; BETTER EXTENSION SERVICE; HIGHER SUPPORT PRICES THAT WILL PROVIDE MORE INCENTIVES TO FARMERS; A MORE ADEQUATE FOOD PROCUREMENT PROGRAM; INCREASED USE OF FERTILIZER (ITS CONSUMPTION IS EXPECTED TO HAVE RISEN BY 26 PERCENT IN 1977-78 TO A LEVEL OF 4.2 MILLION MT); AND MORE EFFECTIVE LAND REFORM, INCLUDING DISTRIBUTION OF PLOTS TO LANDLESS AGRICULTURAL WORKERS AND LAND CONSOLIDATION.

5. INDUSTRY. INDUSTRIAL PRODUCTION IN 1977-78 IS EXPECTED TO REGISTER A GROWTH OF ONLY 5-6 PERCENT BECAUSE OF LACK OF DEMAND IN MANY SECTORS, CAPACITY CONSTRAINTS IN OTHERS, CONSUMER RESISTANCE TO HIGHER PRICES, SLUGGISH INVESTMENT AND GROWING LABOR UNREST. THE SURVEY CLAIMS THAT THIS GROWTH RATE IS QUOTE NOT UNSATISFACTORY UNQUOTE. THE OUTPUT OF SOME IMPORTANT INDUSTRIAL SECTORS, SUCH AS POWER GENERATION, TEXTILES AND COAL HAS BEEN ESSENTIALLY STAGNANT THIS YEAR. SUCH POWER INTENSIVE INDUSTRIES

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AS BASIC METALS (NOTABLY ALUMINUM) AND HEAVY CHEMICALS HAVE EXPERIENCED PRODUCTION DECLINES. OVER A LARGE SPECTRUM OF THE INDUSTRIAL SECTOR PRODUCTION CHANGES HAVE NOT BEEN GREAT SO QUOTE THE GENERAL IMPRESSION IS MORE ONE OF RELATIVE STAGNATION THAN OF SUSTAINED PROGRESS UNQUOTE.

6. THE SURVEY RIGHTLY EMPHASIZES THAT SUSTAINED DEMAND FOR INDUSTRIAL PRODUCTS DEPENDS ON A HEALTHY AGRICULTURAL SECTOR AND MORE INCOME GENERATION FROM HIGHER EMPLOYMENT. IT POINTS TO AN URGENT NEED TO STEP UP PUBLIC SECTOR INVESTMENT, CLAIMING THAT THE ROLE OF THE PUBLIC SECTOR SHOULD PROVIDE A DEGREE OF COUNTERVAILING POWER TO LARGE PRIVATE SECTOR FIRMS AND SUPPLY ESSENTIAL CONSUMER AND STRATEGIC GOODS. ACCORDING TO THE SURVEY, INCREASES IN INDUSTRIAL OUTPUT IN THE COMING YEAR WILL DEPEND LARGELY ON FURTHER IMPROVEMENT IN CAPACITY UTILIZATION. THE POWER SITUATION DETERIORATED IN 1977: DEMAND FOR POWER INCREASED BY 18.5 PERCENT, BUT AVAILABILITY ROSE BY ONLY FIVE PERCENT SO THAT THE POWER SHORTFALL INCREASED FROM 12 MILLION UNITS TO 40 MILLION UNITS PER DAY. THE SURVEY NOTES THAT QUOTE WITHOUT A SUBSTANTIAL ADDITION TO POWER GENERATING CAPACITY IT IS DIFFICULT TO ENVISAGE A STEP UP IN THE RATE OF GROWTH OF INDUSTRIAL PRODUCTION FROM THE PRESENT MODEST LEVEL UNQUOTE.

7. PRICES. IN 1977-78 WHOLESALE PRICES IN GENERAL HAVE QUOTE REGISTERED A REASONABLE DEGREE OF STABILITY UNQUOTE. (IN MID FEBRUARY 1978 THE INDEX WAS ABOUT ONE PERCENT LOWER THAN TWELVE MONTHS BEFORE). HOWEVER, THE SURVEY NOTES THAT THE WHOLESALE PRICE SITUATION DOES NOT CALL FOR ANY COMPLACENCY BECAUSE SOME ITEMS (NOTABLY PULSES, FRUITS AND VEGETABLES AND JUTE TEXTILES) HAVE EXPERIENCED SHARP PRICE RISES OVER THE COURSE OF THIS FISCAL YEAR. ALSO, SHORTAGES

OF SEVERAL ESSENTIAL COMMODITIES (PULSES, EDIBLE OILS, RAW COTTON) HAVE HAD A SERIOUS IMPACT ON PRICES IN THE PAST 18 MONTHS. THE UNCLASSIFIED

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CONSUMER PRICES INDEX HAS SHOWN A LARGER INCREASE THAN THE WHOLESALE PRICE INDEX (ALMOST 6 PERCENT COMPARED TO LESS THAN ONE PERCENT BETWEEN MARCH AND DECEMBER 1977).

8. THE SURVEY NOTES THAT THE GOI, IN ATTEMPTING TO CONTAIN PRICE INCREASES, MUST IMPORT AND PROHIBIT THE EXPORT OF ESSENTIAL COMMODITIES IN SHORT SUPPLY ON THE DOMESTIC MARKET SO THAT INDIAN CONSUMERS DO NOT SUFFER. HOWEVER, QUOTE A MORE LONG TERM SOLUTION TO THE PROBLEM OF RISING PRICES IS INCREASED DOMESTIC PRODUCTIN

UNQUOTE. OTHER RECOMMENDED POLICIES ARE THE PROCUREMENT AND DISTRIBUTION OF COMMODITIES OTHER THAN CEREALS AND A MORE EFFECTIVE PUBLIC DISTRIBUTION ORGANIZATION THAT WOULD MAKE ESSENTIAL GOODS AVAILABLE AT REASONABLE PRICES.

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9. MONETARY POLICY. MONEY SUPPLY INCREASED BY ALMOST 12 PERCENT DURING THE FIRST 10 MONTHS OF 1977-78 (COMPARED TO A RISE OF ALMOST 14 PERCENT IN THE SAME 1976-77 PERIOD). THREE FACTORS - BANK CREDIT TO THE COMMERCIAL SECTOR, NET FOREIGN EXCHANGE ASSETS OF THE BANKING SECTOR AND NET BANK CREDIT TO THE GOVERNMENT - HAVE CONTRIBUTED ABOUT EQUALLY TO MONEY SUPPLY EXPANSION THIS FISCAL YEAR. HOWEVER, BANK CREDIT TO THE COMMERCIAL SECTOR HAS SHOWN A MUCH SMALLER INCREASE IN 1977-78 THAN LAST FISCAL YEAR BECAUSE OF DECELERATION IN THE RISE OF ADVANCES FOR PUBLIC FOOD PROCUREMENT. THE INCREASE IN NON-FOOD BANK CREDIT HAS ALSO BEEN SMALLER THIS YEAR BECAUSE OF LOWER RATES OF GROWTH IN INDUSTRIAL OUTPUT AND EXPORTS.

10. THE GOI HAS MAINTAINED A RESTRICTIVE CREDIT POLICY, ALTHOUGH THERE HAS BEEN SOME FLEXIBILITY BECAUSE OF QUOTE SLUGGISH INVESTMENT (AND) DEMAND RECESSION IN SOME SECTORS UNQUOTE. ACCORDING TO THE SURVEY, COMMERCIALBANKS PRESENTLY HAVE A COMFORTABLE RESOURCE

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POSITION TO MEET GENUINE CREDIT REQUIREMENTS. THE GOVERNMENT IS FEARFUL THAT ANY CHANGE IN THE SUPPLY SITUATION FOR THE WORSE COULD SPARK OFF SERIOUS INFLATIONARY PRESSURES BECAUSE THE LIQUID MONETARY RESOURCES IN THE ECONOMY MIGHT BE USED FOR SPECULATIVE INVENTORY BUILDING. ALSO DISQUIETING IS THE RECENT DECLINE IN THE RATE OF GROWTH OF TIME DEPOSITS IN COMMERCIAL BANKS. THE SURVEY RECOMMENDS A CONTINUATION OF THE RESTRICTIVE CREDIT POLICY (ALLOWING FOR GENUINE PRODUCTION NEEDS BUT NOT FOR SPECULATION), ARGUING THAT THERE IS NOW SUFFICIENT INVENTORY LIQUIDITY AND THAT OTHER FACTORS ARE RESPONSIBLE FOR SLACK INVESTMENT AND INDUSTRIAL GROWTH. FURTHER, IT IS HOPED THAT FOREIGN EXCHANGE RESERVES, WHICH HAVE CONTRIBUTED TO EXPANSION OF THE MONEY SUPPLY AND PURCHASING POWER, CAN BE DRAWN DOWN.

11. FISCAL DEVELOPMENTS. THE CENTRAL GOVERNMENT BUDGET DEFICIT IN 1977-78 IS EXPECTED TO BE QUOTE SIGNIFICANTLY LARGER UNQUOTE THAN THE ORIGINALLY PROJECTED RS. 840 MILLION. THE GROWING NEED TO SUBSIDIZE VARIOUS SECTORS PLUS A SERIOUS DETERIORATION IN THE BUDGETARY POSITION OF MANY STATE GOVERNMENTS HAVE BEEN MAJOR REASONS FOR INCREASED LENDING BY THE CENTER. ON THE OTHER HAND, THE DEPENDENCE OF THE CENTER'S BUDGET ON EXTERNAL ASSISTANCE HAS DECLINED FROM 13.4 PERCENT OF TOTAL EXPENDITURES IN 1975-76 TO 7.7 PERCENT IN 1977-78. ALSO, THE FINANCIAL PERFORMANCE OF PUBLIC SECTOR ENTERPRISES HAS IMPROVED, ALTHOUGH THE "SICK" MILLS OF THE NATIONAL TEXTILE CORPORATION ARE STILL LOSING MONEY. THE SURVEY CALLS FOR A RATIONALIZATION OF THE TAX STRUCTURE, INCREASED TAXATION OF SECTORS THAT ARE PRESENTLY UNDERTAXED (E.G. WEALTHY FARMERS), AND EVEN MORE EFFICIENT PERFORMANCE OF PUBLIC ENTERPRISES.

12. FOREIGN TRADE AND BALANCE OF PAYMENTS. IMPORTS IN 1977-78 HAVE BEEN RUNNING ONLY SLIGHTLY HIGHER THAN IN THE PREVIOUS FISCAL YEAR. HOWEVER, BECAUSE FOOD IMPORTS HAVE BEEN NEGLIGIBLE THIS YEAR, NON-FOOD IMPORTS DURING APRIL-NOVEMBER 1977 HAVE BEEN 32
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PERCENT HIGHER THAN THE CORRESPONDING 1976 PERIOD. THE CURRENT IMPORT POLICY IS DESIGNED QUOTE TO MEET ALL LEGITIMATE REQUIREMENTS OF INDUSTRY FOR RAW MATERIALS AND COMPONENTS FOR INCREASING PRODUCTION BOTH FOR DOMESTIC USE AND EXPORTS UNQUOTE. THE SURVEY PREDICTS THAT THE LIBERALIZED IMPORT POLICY WILL SHOW RESULTS IN THE COMING MONTHS. DURING APRIL-OCTOBER 1977 IMPORT LICENSES WORTH RS. 41.5 BILLION WERE ISSUED, COMPARED TO RS. 21.5 BILLION IN THE COMPARABLE 1976 PERIOD. EXPORTS HAVE INCREASED MUCH MORE SLOWLY IN 1977-78. DURING APRIL-

NOVEMBER 1977 THE VALUE OF EXPORT EARNINGS WAS UP BY ONLY 9.3 PERCENT AGAINST A RISE OF 31 PERCENT IN THE COMPARABLE 1976 MONTHS. ONLY TEA AND COFFEE EXPORTS HAVE SHOWN A SIGNIFICANT INCREASE THIS YEAR. THE SURVEY DOES NOT MAKE ANY PROJECTION OF THE FOREIGN TRADE BALANCE IN 1977-78.

13. NET EXTERNAL ASSISTANCE, WHICH DECLINED TO RS. 8.4 BILLION IN 1976-77, IS EXPECTED TO GO DOWN FURTHER THIS YEAR. THE PROPORTION OF IMPORTS FINANCED BY FOREIGN AID FELL TO 17 PERCENT IN 1976-77. ON THE OTHER HAND, INWARD REMITTANCES FROM ABROAD HAVE CONTINUED TO RISE. IN THE TEN MONTHS OF THIS FISCAL YEAR ENDING JANUARY 1978 GROSS FOREIGN EXCHANGE RESERVES HAVE INCREASED BY RS. 13.45 BILLION, COMPARED TO A RISE OF RS. 12 BILLION IN THE SAME PERIOD OF LAST FISCAL

YEAR.

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14. CONCLUSIONS. THE SURVEY CONCLUDES THAT GOVERNMENT POLICY SHOULD FOCUS ON INCREASING PRODUCTION OF ESSENTIAL COMMODITIES IN SHORT SUPPLY, PROVIDING INCENTIVES FOR LARGER INVESTMENT IN INDUSTRY AND FORMULATING AN OVERALL STRATEGY OF GROWTH THAT WILL UTILIZE THE COUNTRY'S GROWING FX RESERVES. GOVERNMENT MUST RAISE MORE RESOURCES AS WELL AS CUT DOWN ON THE GROWTH OF NON-

DEVELOPMENTAL SPENDING TO UNDERTAKE A MUCH LARGER INVESTMENT PROGRAM. PRIVATE SAVINGS BY INDIVIDUALS AND BUSINESS FIRMS MUST BE INCREASED. ACCORDING TO THE SURVEY, QUOTE THE CONTINUED EXTERNAL STRENGTH OF THE ECONOMY HAS OPENED UP POLICY OPTIONS TO STEP UP INVESTMENT AND TO ACCELERATE THE GROWTH PROCESS UNQUOTE. IMPORTS CAN ONLY BE INCREASED AND OF FULL UTILIZATION OF DOMESTIC MANUFACTURING CAPACITY AND HIGHER INDUSTRIAL OUTPUT. THE SURVEY FINDS IT PARADOXICAL THAT THIS POOR COUNTRY IS IN EFFECT LENDING ABROAD (WHAT THE GROWTH IN FX RESERVES REALLY AMOUNTS TO), BUT BELIEVES THAT THE ECONOMY IS NOW VERY FAVORABLY PLACED - AND THE MEDIUM TERM PROSPECTS SEEM VERY GOOD TOO - FOR MORE RAPID

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DEVELOPMENT.

15. COMMENT. THE SURVEY HAS THE REPUTATION OF PROVIDING A COGENT ANALYSIS OF THE INDIAN ECONOMY, AND THIS YEAR'S REPORT HAS PROVEN TO BE NO EXCEPTION. (COPIES ARE BEING POUCHED TO WASHINGTON). WE GENERALLY AGREE WITH ITS ECONOMIC PROJECTIONS FOR 1977-78, ALTHOUGH WE THINK THE FOODGRAIN PRODUCTION FIGURE MAY BE SLIGHTLY ON THE HIGH SIDE. WE HAVE NO QUARREL WITH MANY OF THE SURVEY'S POLICY RECOMMENDATIONS. THE ECONOMY IS RELATIVELY WELL PLACED FOR THE GOI TO TRY TO MOVE TO A HIGHER GROWTH PLANE; THE WORLD BANK HAS BEEN SAYING THIS FOR THE PAST FEW YEARS. BUSINESSMEN WILL DISAGREE WITH THE RECOMMENDATION THAT A RESTRICTIVE CREDIT POLICY BE CONTINUED, ALTHOUGH WE TEND TO AGREE THAT OTHER FACTORS (NOTABLY INSUFFICIENT EFFECTIVE DEMAND) ARE HOLDING BACK THE INDUSTRIAL SECTOR. NEVERTHELESS,

RELAXATION OF CREDIT WOULD PROVIDE A PSYCHOLOGICAL BOOST TO BUSINESSMEN

AND MIGHT INDUCE THEM TO INVEST MORE. THE EMPHASIS ON PUBLIC INVESTMENT REFLECTS CONTINUED GOI PRIORITY TO THE PUBLIC SECTOR AS THE JANATA GOVERNMENT HAS NOT BEEN AS FAVORABLE TO PRIVATE BUSINESS FIRMS AS HAD BEEN ORIGINALLY EXPECTED. THE NEED TO INCREASE OUTPUT AS A MEANS OF CONTAINING INFLATIONARY PRESSURES IS CRUCIAL IN AN ECONOMY WHERE SUPPLY FACTORS ARE MORE IMPORTANT THAN MONETARY VARIABLES IN DETERMINING PRICE MOVEMENTS.

16. THE SURVEY DOES NOT SPELL OUT IN MANY INSTANCES HOW WORTHY GOALS ARE TO BE TRANSLATED INTO EFFECTIVE ACTION, E.G. HOW TO INCREASE EMPLOYMENT AND PURCHASING POWER IN RURAL AREAS; OR WHETHER THE GOVERNMENT DEFICIT SHOULD BE INCREASED IN THE PROCESS OF INVESTING MORE PUBLIC FUNDS IN DEVELOPMENT PROJECTS. THIS IS NOT ITS FUNCTION, BUT HOPEFULLY, THE UPCOMING 1978-79 CENTRAL GOVERNMENT BUDGET AND ANNUAL PLAN WILL BE MORE SPECIFIC. ALSO, THERE IS NO

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DISCUSSION ABOUT THE POSSIBILITY THAT INCREASED EMPHASIS ON SMALL
SCALE UNITS WILL LEAD TO LOWER WORKER PRODUCTIVITY AND HIGHER CONSUMER

PRICES. THUS FAR THE GOI HAS BEEN UNABLE TO IMPLEMENT ITS ECONOMIC
PRIORITIES AND TO USE ITS FX RESERVES AND FOODGRAIN STOCKS FOR HIGHER
DOMESTIC ECONOMIC GROWTH. WE WILL KNOW BETTER THE JANATA
GOVERNMENT HAS THE POLITICAL AND ADMINISTRATIVE CAPACITY TO TAKE
ADVANTAGE OF A RELATIVELY FAVORABLE ECONOMIC ENVIRONMENT TO INCREASE
SUBSTANTIALLY OUTPUT AND PURCHASING POWER AFTER THE BUDGET IS
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